

PETER GOLDMAN

COUNTY
AND
BOROUGH

Problems of Local Government

WITH A FOREWORD BY

The Right Hon. Harold Macmillan

M.P.



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THE AUTHOR

PETER GOLDMAN is head of the Home Affairs Section of the Conservative Research Department, which he joined in 1946. He has been Secretary of several of the Party's Parliamentary Committees, including those for local government and for education, and is a member of the editorial board of *The Councillor*. Aged 28, he is a graduate of both Cambridge and London Universities and an ex-President of the Cambridge Union. He taught in evening institutes for a number of years.

Peter Goldman

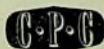
COUNTY
AND
BOROUGH

*Problems of Local Government
in England and Wales*

WITH A FOREWORD BY

The Right Hon. Harold Macmillan

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Foreword

By THE RIGHT HON. HAROLD MACMILLAN, M.P.

Minister of Housing and Local Government

I hope this booklet on local government will be widely read and discussed. It has rare qualities, for it is at the same time succinct, accurate, witty, and provocative.

Mr. Goldman gives us plenty of food for thought. But he does not give it to us raw or half-cooked. By his skill in preparing and serving, he assists our mental digestion.

The problems of local government—county and borough—are both important and perplexing. Its structure is said to be in need of 'reform'. It always has been. The financial system is complicated and obsolete. No doubt. The right kind of people are not attracted to the work. Maybe; but they still give their services freely.

Socialism always uses the processes of democracy to destroy democracy. We must not fall into that trap.

No doubt there is much that we must put right and many confused or obsolete procedures and methods that we must tidy up.

But whatever decisions we may reach (and after reading this booklet, we shall at any rate be able to discuss these matters intelligently amongst ourselves), one truth will remain.

The people are more important than the machine. Or, to use a somewhat reactionary phrase, it is the man behind the gun that matters.

We must so adapt the machine and the powers of local government as to continue to attract the right men and women.

If we have to make a choice, Justice Shallow, Councillor Shallow, Alderman Shallow will serve us better than any Commissar.

So, whatever may be the future of local government, I trust it will remain local and (as far as possible) retain its amateur status.

COUNTY & BOROUGH



This map shows the division of England and Wales into administrative counties — the figures indicate the number of county boroughs within the geographical county, but outside the administrative county.

Whose Problems?

LOCAL GOVERNMENT touches our lives intimately and continually. It houses many of our people. It provides schooling for most of our children. It gives us the protection of an efficient police force. It looks after the parks. It paves and lights and cleanses the streets. These and countless other services which the local authorities administer are indispensable to life as we know it today.

Local government does much more than this. It not merely governs, but can govern in a way that is suited to the needs of the particular community for which it is designed and from which it is drawn. It can govern in a way that enables men and women in every walk of life to take an active interest and a full part in their own government. It is a recognition of the principle that political liberty depends upon power being spread as widely as possible throughout the nation. It is an expression of one of the strongest and finest of human sentiments, which was described by Burke in moving words: 'Such divisions of our country as have been formed by habit, and not by a sudden jerk of authority, were so many little images of the great country in which the heart found something it could fill . . . To be attached to the sub-division, to love the little platoon we belong to in society, is the first principle (the germ, as it were) of public affections. It is the first link in the series by which we proceed towards a love of our country, and of mankind'.

To be indifferent to local government is to be indifferent to life itself. Its problems are your problems.

They are manifold, and as the American writer H. L. Mencken said, 'to every human problem there is always an easy solution—neat, plausible, and wrong'. The following pages are not concerned with arriving at easy solutions. They merely state and discuss two problems. One is the problem of the structure within which local government discharges its responsibilities. The other is the problem of the relationship, administrative and financial, between central and local government. Each of these problems is fundamental at present and to the future. Each is rooted in the past.

Problems of the Past

JUSTICE SHALLOW the individual plays a small and humorous rôle in *King Henry IV, Part II*, and in *The Merry Wives of Windsor*. Justice Shallow the institution has played one of the most significant and serious parts in English history. Shakespeare did not invent him. He gave him merely a local habitation (Gloucestershire) and a name. No-one can say with absolute certainty who did invent him, or when. Edward III was the first king to put him in a statute. That was in 1327, and Edward called him a Conservator of the Peace. Soon after, the title was changed to Justice of the Peace, and Justice of the Peace he has been for six hundred years. His duties and his reputation have not remained unaltered; but for quite half that period English local life and government revolved around him.

They did not call it local government then. The phrase and the system it implies are comparatively modern. But there has always been some kind of 'local government' in England, however different in conception and in form from all we understand by the term today. Wherever we start our story in time, we must always remember that there was an earlier story. We modern Elizabethans may well begin with Shakespeare's Shallow in the first Elizabethan age.

By then, the Justice was already a busy man. The number of Justices for each county had increased. They were country gentlemen, appointed by the Queen, and had wide authority in their county, acting either singly or in groups, with the Lord Lieutenant considered as the first among equals. They exercised criminal jurisdiction in Quarter Sessions and had powers of summary trial of small offences. They controlled the constables. They licensed the ale-houses and provided for the upkeep of the roads, bridges and prisons. They regulated wages and prices, and enforced the Poor Law of 1601.

They have been described as Elizabeth I's 'maids of all work', and a contemporary writer feared they were becoming overloaded with 'stacks of statutes'. Nevertheless, they were unpaid; or, to be more accurate, the tiny wage that was allowed was never in practice demanded. So the non-professional character of local government work is an ancient tradition.

There was the same principle in the parishes. The Constable, the Surveyor of Highways, the Overseer of the Poor and the other parish officers were all unpaid. An obligation rested on the inhabitants to undertake the work of one or other of these posts. Very often they went by house-row in rotation through the parish. The procedure as such has little modern relevance, but it embodied a permanently valuable principle: namely, that citizenship involves not only rights and benefits, but duties and responsibilities as well.

Over the parish vestry and its officers the Justices of the county exercised their supervision. But who supervised them? The Common Law courts, if their jurisdiction were invoked, could impose upon the Justices a literal performance of their duties. But thorough and continuous supervision could come only from central government, that is to say, from the Privy Council and its Court of Star Chamber. Before the Civil Wars the Council took a lively interest in local affairs, particularly in the problems of the poor. But this beneficent influence grew irksome, and disappeared when the Long Parliament curtailed the powers of the Council and abolished the Star Chamber in 1641.

No attempt was made after the Restoration to restore that influence. For this reason, Sidney and Beatrice Webb could sum up the history of local government from 1689 to 1835 as 'something very like an anarchy of local autonomy'. The description is graphic but excessive. The powers and duties of the Justices tended to increase. The division between their judicial and their administrative functions became more clearly marked. They were no longer guided in the same way. They were left with considerable freedom of action or inaction. They came to be in effect permanent officials. Yet the link between central and local government was a real link. In the seventeenth century Bacon had said: 'Those that have voices in Parliament to make laws, for the most part are those which in the country are appointed to administer the same laws'. This was even truer of the eighteenth century.

The Justice, typified in this period by Addison's Sir Roger de Coverley, was a natural leader of a local community. As long as life ran on in the accustomed ways the machinery worked reasonably well. What wrecked it was the urbanisation of the countryside, a process which gathered momentum during the eighteenth century.

There had long been urban areas of population largely outside the county organisation—a few big towns such as London, Bristol and Norwich, and a number of smaller commercial centres. From mediaeval times their merchants and craftsmen had been able to obtain special privileges of government from the Crown in return for a share of their wealth. These boroughs, each with its charter of incorporation, varied greatly in size, importance and form of government. They were, however, exceptional. Local government until the middle of the eighteenth century was essentially rural government. Then the emphasis began to shift.

The Industrial Revolution and the economic and scientific changes it embraced transformed a predominantly rural into a predominantly urban England. As wealth increased and food supplies improved and medical science advanced, the death-rate dropped. The population of England and Wales was perhaps six and a half millions in 1750. By 1801 it had grown to ten millions. Thronging multitudes were packed into towns to work under the factory system. Old towns spread; new towns sprang up like mushrooms. Forms of government which had answered well enough hitherto now tended to appear unworkable.

Borough boundaries did not expand to take in the population which overflowed into suburbs. It was not easy to assume new powers to meet new demands, and some corporations were insufficiently public-spirited to try. Where the town was not a borough but part of the old county organisation, as in Manchester or in Birmingham or over large parts of Middlesex and Surrey and the West Riding, the problems were even more difficult. Parish officers, who had once been called on to collect rates and keep order and relieve the poor among a little group of neighbours, now found themselves with the same responsibilities towards uncounted hordes of strangers. They were overwhelmed by the problems of crime and poverty, filth and disease, on this new and unexampled scale. Men were glad to pay in order to be relieved of their obligation to serve as a parish officer.

Others made a good thing out of petty jobbery. Country gentlemen were often no longer willing to serve as Justices. Many withdrew from the new urban neighbourhoods. The difficulty was particularly acute in the urban and suburban districts of Middlesex whose new 'trading' Justices were described by Burke in 1780 as infamous, ignorant and 'generally the scum of the earth'.

Problems were complicated, and no doubt exaggerated, by political bitterness. The new class of moneyed men, who were so often not of the Established Church, resented their exclusion from the corporations and, usually, from the ranks of the County Justices. They could not be expected to applaud the borough oligarchies who filled vacancies by co-option or to comprehend the attitude of the Merionethshire county magistrates who once went on strike because a Methodist and ex-grocer had been appointed to the bench. They bolstered their self-interest with the utilitarian idea that any institution, however venerable, might and should be destroyed if it seemed to them to serve no useful purpose. They allowed their reforming zeal to out-run their political honesty. In 1833 the Whig Government appointed a Whig Royal Commission on municipal corporations which, in due course, produced a Whig Report. What the Commissioners objected to was that the borough corporations were predominantly Anglican and Tory. What their Report implied was that the corporations were invariably corrupt. This dynamic document is justly described as inaccurate and misleading by the Fabians, Sidney and Beatrice Webb, who advise the student of history to dismiss it as 'a bad case of a violent political pamphlet being, to serve Party ends, issued as a judicial report'.¹ The Municipal Corporations Act of 1835, much amended in the parliamentary struggle, emerged at last as a useful and sensible measure. That is no reason for perpetuating the legend of the small text-book that before 1835 all was darkness, and after 1835 all was light.

The Act of 1835 applied to one hundred and seventy-eight boroughs. In each there was to be a council elected by householders. This was to be the legal personification of the community. Its meetings were to be held in public. Its accounts were to be subject to audit. Its Justices were to be appointed by the Crown. Its powers

¹ Webb—*The Manor and the Borough* (Longmans, 1908), p. 721.

were limited. But in the next half-century the number and importance of the boroughs grew.

Outside the 'reformed' boroughs the system of government was not so simple. For we have now arrived at the heyday of the *ad hoc* authority. It was no new device to create a special local body concerned with only one function, or group of very closely related functions, and operating in an area not necessarily coinciding with that of a borough or parish. Commissioners of Sewers had existed for some centuries. Other bodies, dealing with the relief of the poor, with highways, and with lighting and paving the streets, had grown up in the eighteenth century. More were added as the years went on, and by the 1870's they existed in bewildering profusion. Among the most important were the Improvement Commissioners who dealt, sometimes even where there was already a municipal corporation, with paving, street-lighting, police and in some places fire brigades and water supplies. Covering the whole country on a uniform plan were the unions of parishes, each under the control of a local Board of Guardians who administered the Poor Law of 1834 and ran the union workhouse. As well as these there were the Turnpike Trusts, the Highway Boards, the Local Boards of Health, the Burial Boards, the School Boards. Each had distinct powers. Each was elected by separate constituencies, voting in different ways, on different franchises and at different periods of the year. *The Times*, in 1873, declared in a magnificently polysyllabic sentence: 'England exhibits a curiously confusing reticulation of mutually intrusive and intersecting jurisdictions'. Goschen, later Unionist Chancellor of the Exchequer, summed it up in a more famous and homely phrase: 'We have a chaos as regards authorities, a chaos as regards rates and a worse chaos than all as regards areas'. He said that he himself in one year had received no less than eighty-seven rate demand notes on an aggregate valuation of £1,100.

The case for a compendious authority, that is to say, an authority charged with the full range or a wide range of functions, began to be argued on all sides. The favourite ground on which it was urged was that only an authority of this kind could be expected to attract the best men. It was quite hopeless, said John Stuart Mill in *Representative Government*, to try to induce the most able and intelligent citizens 'to take a share of local administration in a corner by

piecemeal'. This is not merely an argument against the *ad hoc* authority. It is also an argument against the modern tendency to rob local authorities of their most interesting duties and so reduce the attraction of public service.

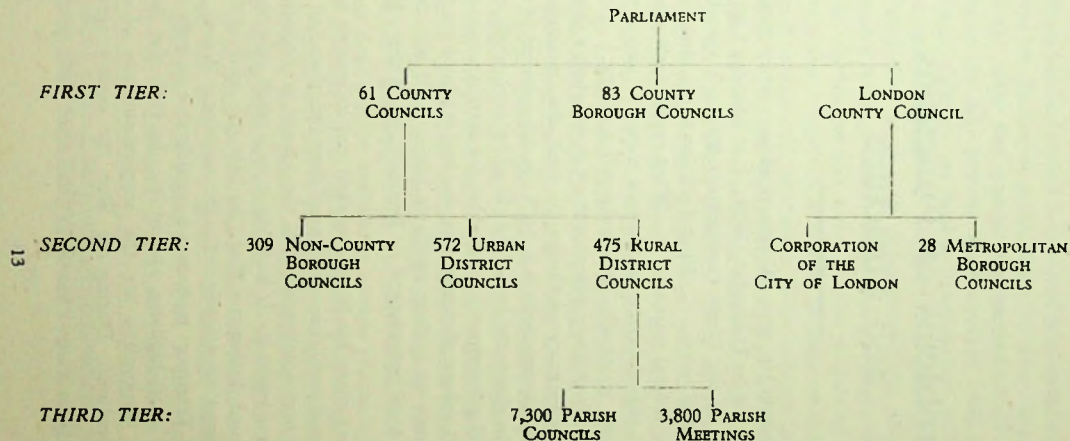
It took a long time for a coherent structure to emerge out of chaos. Cholera and small-pox epidemics provided the first effective stimulus. Local administration of the public health services lacked vigour and initiative and, following the Report of the Royal Sanitary Commission, Disraeli's Public Health Act of 1875 gave the country a new sanitary code and a local structure for this purpose based upon urban sanitary districts and rural sanitary districts. Then, in 1888, Justice Shallow with whom our account began lost almost all his remaining *administrative* powers, except licensing and a share in the administration of the police. Henceforth, if he could get himself elected, he might become County Councillor Shallow, J.P. The Unionist Local Government Act set up the elected county councils to which administrative powers were transferred. In general the new administrative counties were given traditional boundaries, though these did not always follow the geographical county boundaries: thus Yorkshire was divided into the three Ridings, the Soke of Peterborough was separated from Northamptonshire, and so forth. Sixty-two county councils were created in all, including the London County Council which was carved out of the counties of Middlesex, Surrey and Kent. It was felt that certain large cities, to be called county boroughs, should govern themselves outside the structure of the county. The number of county boroughs so designated grew, as the measure went through Parliament, from ten to sixty-one. All boroughs with a population of not less than 50,000, and 'counties of cities' (such as Chester and Worcester) irrespective of population, were at length included.

The Bill had also originally contained clauses to convert the urban and rural sanitary authorities into urban and rural district councils, forming 'second-tier' authorities within the county. These clauses had to be dropped because of pressure on parliamentary time. It was left to the Act of 1894 to take this step and to make provision for parish councils and meetings with limited powers. Finally, the London Government Act of 1899 created the metropolitan borough councils to replace numerous existing authorities.

So the present pattern was completed: you can see it at a glance in the diagram opposite. The old *ad hoc* authorities with very few exceptions disappeared and their functions were absorbed by the new authorities. When the twentieth century opened, the School Boards and the Boards of Guardians remained. The former were abolished in 1902, the latter in 1929; and public education and public assistance were thus brought within the general framework of local government.

We have seen how the nineteenth century endeavoured to solve its problems. But the industrial and scientific developments which had given birth to much of the new local structure did not stand still, and the great towns which were a feature of those developments did not cease to grow. Here was the source of fresh difficulties that we in the twentieth century have to try to meet. Meanwhile an old problem had returned. The strong central control which the Tudors had exercised over the Justices, but from which they had been free for two centuries, was gradually reimposed as the new structure of local government was shaped. Government grants, in time with 'strings' attached to them, grew from £110,000 in 1835 to £22 million in 1913. Controlling bodies, such as the Poor Law Commissioners in 1834 and the General Board of Health in 1848, were early manifestations of an apparatus of central supervision which found a permanent form in the Local Government Board. This Board, set up in 1871, was the father of the old Ministry of Health and the grandfather of the present Ministry of Housing and Local Government. Such development was proper, healthy and beneficial. Local government is by definition government subordinate to central government. Nevertheless, the relationship thus implied, which should be the relationship between senior and junior partner, may only too easily degenerate into the relationship between master and servant. Already by the end of the nineteenth century Lord Salisbury, three times Unionist Prime Minister, was warning: 'When you have provided the proper constitution of local authority, you must provide that the local authority has sufficient powers, and that it gets those powers by diminishing the excessive and exaggerated powers that have been heaped on the central authorities in London'. These words have a very familiar ring. They were never more relevant than they are today.

LOCAL GOVERNMENT IN ENGLAND AND WALES



The figures state the position in 1952. For parish councils and parish meetings they are approximate.

Problems of Functions and Structure

NEVILLE CHAMBERLAIN, then Minister of Health, wrote these words in his Diary on 1st December, 1928: 'Last Monday I moved the Second Reading of the Local Government Bill in a speech which lasted two and a half hours . . . When I sat down, the House cheered continuously for several minutes . . . What particularly struck and touched me was that Liberals and Labour men . . . joined with the greatest heartiness in paying their acknowledgments'.¹ The ranks of Tuscany had chosen the moment well. Chamberlain's speech was a masterly parliamentary performance and the measure which became the Local Government Act, 1929, an achievement of the first order. It brought almost the last of the old *ad hoc* bodies into the main structure of local government; it provided for certain adjustments of that structure by means of county reviews; and it placed the finances of local authorities on a more equitable basis. This was the high-water mark of local government in England and Wales. Now the tide has turned.

In recent years there has been a marked and increasing tendency to deprive the local authorities of many of their functions and responsibilities. This was accelerated with the advent of Socialism; but Socialism did not begin it. It had begun in a small way before the War. It continued during the War. In 1934 the relief of the able-bodied unemployed was transferred to the Assistance Board. In 1936 the Minister of Transport took over a considerable mileage of trunk roads from the local highway authorities. In 1940 the Assistance Board became responsible for the supplementation of old age and widows' pensions. During the War, the county agricultural

¹ Feiling—*The Life of Neville Chamberlain* (Macmillan, 1946), p. 147.

committees were by-passed in favour of nominated executives, and the regulation of clean milk production was taken away from the local authorities. This was a mere nothing compared with the havoc wrought in the four feverish years between 1946 and 1949. Local government then lost its earliest function, that of valuing property for purposes of rating and taxation. The local authority hospitals were transferred to agencies appointed by the Minister of Health. Municipal electricity undertakings and gas-works were nationalised. The local authorities lost most of their remaining duties of public assistance, the control of a further mileage of trunk roads, many municipal airfields and, over much of the country, powers to prevent the pollution of rivers. Their street transport undertakings could have been taken away by virtue of legislation now to be repealed. Worst hit of all were the county districts. They not only lost functions to authorities outside local government but, to speak generally, lost education, planning, fire service, police, and local health powers to the counties. This too was part of the centralising trend: though to try to avoid remoteness in administration the framers of the Education Act, honourably but perhaps over optimistically, broke new ground with the experiment of the Divisional Executive.¹

Service by service the process of centralisation went ahead. It has always been possible to show some reasons for centralisation. Sometimes they were solid reasons. Sometimes, as with public assistance, they were virtually unanswerable reasons. But in the course of this development important values have been forgotten because local government has not been considered as a whole.

It has now become orthodoxy, almost platitude, to ascribe these changes to failure to reform the general structure of local government. This structure was last re-shaped on a single coherent plan in 1888. Since then, so the argument runs, population has further grown and shifted, technology has advanced, our ways of life have altered, and so the local areas within which that life could once be served and governed are now, to a greater or smaller extent, anachronistic. There is clearly some measure of truth in this argument which we shall do well to examine. But as an explanation of why so many

¹ See on this subject, Cohen—*Autonomy and Delegation in County Government* (Institute of Public Administration, 1952).

services have been taken out of the care of local government, it is unsatisfactory because it is incomplete.

Let us ask ourselves, for example, why hospitals were taken away from the local authorities. Was it just because the structure of local government was unsatisfactory? Certainly this was one of the reasons given: a bigger 'catchment area' was needed for certain types of hospital treatment and the Socialist Government saw disadvantages in the joint boards of local authorities which had featured in the original Coalition plan. There were, however, other reasons. One reason was peculiar to this service. This was an objection of the medical profession to local authority control. Another reason was applicable to all services, including gas and electricity, where part of the system was in municipal ownership and part in private ownership. Where such a service was being reorganised on a unitary basis, nationalisation seemed a rather convenient method to those with tidy minds. Further reasons, again applicable to more than one service, were the desire for national uniform standards and the general lack of adequate local finance. Many of us believed that all these reasons together did not add up to a convincing case for taking this vital human service away from local authorities. Certainly there are men in more than one Party who hanker after its eventual return to some form of local management. But we delude ourselves if we think that for this service or any other, we have only to change the structure of local government for all to come right. Other arguments against local control would still remain.

The authorities are unlikely to regain any responsibility they have lost, and may well lose others, unless politicians are more prepared to consider seriously the wider needs and interests of local democracy as well as administrative and technical fashions and convenience. If a reform in the structure of local government will strengthen their hands to do that, then it will be well worth undertaking. Otherwise it may have a limited value.

One problem at least which confronts us when we look at the present structure of local government is in itself relatively straightforward. This is the problem of the remarkable disparities in population and so in resources that exist between authorities of the same type charged with the same range of functions. Disparities already existed when the present structure came into being. Today

they are more serious. The largest county borough has a population forty times as big as the smallest. The largest administrative county, outside London, has a population more than one hundred times as big as the smallest. The largest urban district has a population nearly three hundred and fifty times as big as the smallest. If the strength of a chain is in its weakest link, then weak units such as the smallest of these are not just amusing curiosities. Sir Malcolm Trustram Eve put the matter bluntly when he said: 'The names "administrative county", "county-" or "non-county borough", "urban" or "rural district", though accurate in defining legal status, do not at present designate areas similar in any other respect'.¹ The Local Government Boundary Commission of which he was chairman drew the inescapable conclusion that 'a systematic allocation of functions between the different types of authorities is plainly impossible if units of each type vary within such wide limits'.² Most people would agree with this as a general statement. It is when the abstract idea of removing anomalies and discrepancies solidifies into a concrete proposal to tack Rutland on to Leicestershire that blood begins to boil.

There is no agreement about the right size for the units of local government. Nevertheless, there is one truth to which we should hold fast throughout any discussion of the problem. The essential duty and purpose of a local government authority are that it should represent the inhabitants of a genuine local community. It loses much of its justification if the area of the authority does not correspond with a well-defined community, closely knit by interest or tradition. Equally, it loses much of its justification if the area is so large that effective representation becomes impossible and the elected member lacks intimate local knowledge. If we begin by considering the community and its representatives we shall make fewer and less serious mistakes than if we begin by considering the technical requirements of each particular service.

This was very clearly recognised by the Boundary Commission. It emphasised the value of the parochial organisation, 'the elemental nucleus of local democracy', and suggested the introduction of a similar system in urban areas in connection with the new conception

¹ Eve—*The Future of Local Government* (Athlone Press, 1951), p. 3.

² *Report of the Local Government Boundary Commission for 1947* (H.M.S.O.), p. 5.

of neighbourhood units. It pointed out that delegation to the smaller authorities, though sometimes essential, must always be less effective and convenient than autonomous provision of a service.¹ It stated the fundamental consideration that, 'In determining the size of the unit in relation to any given service the general aim should be to make the administration of a local government service as local (that is, the area of administration as restricted) as is compatible with securing an effective service. . . . It is of the first importance if local interest is to be preserved and encouraged and full use made of local knowledge'.²

It is a weakness of most advocates of regional authorities that they ignore all these considerations. They favour far larger and fewer major authorities, though they differ among themselves about the size and number. A region into which several whole counties and parts of counties had been swept would almost always lack a sense of community and tradition. Those who favour such arrangements tell us enthusiastically that we must create new regional and provincial loyalties. This is an artless approach reminiscent of the famous notice supposed to have been posted up by the authorities of a very new American university: 'As from tomorrow it will be a tradition that freshmen shall not walk on the lawn'. Regional government would make for a loss of detailed knowledge of the area on the part of the members and for a loss of interest on the part of the electorate. A recent Fabian pamphlet favourable to some form of regionalism has this to say: 'The disturbing generalisation that does emerge from this analysis [of voting in local elections] is that the smaller the local authority, the higher seemingly is the electoral interest'.³ The use of the word 'disturbing' is delightful. To find people with the energy and time to devote to administration (and travelling) on this scale would also be difficult. To a very much greater extent, the management of local affairs would tend to fall into the hands of officials.

It may be that some of these arguments, though not all, would apply with less force to a Greater London region. Londoners, in the widest sense of the term, certainly form a community of sorts, in

¹ See also the Memorandum from the Local Government side to the Local Government Manpower Committee, in the Second Report of the Committee, Cmd. 8421 (H.M.S.O., 1951), Appendix X.

² Op. cit., p. 11.

³ Self—*Regionalism* (Fabian Publications, 1949), p. 86.

spirit if not in fact. But London, as Disraeli said, is a nation, not a city. Today more people live in Greater London than live in Australia. The theorists have surely not thought enough about the constitutional implications of a sub-parliament in the capital, divided on Party political lines, and governing the local affairs of one-fifth of the population of England and Wales.

It is commonly supposed that, whatever its failings on other grounds, the regional idea has certain technical advantages. This is a mistake. The very small unit may indeed be too small for efficiency; but there is no technical merit attaching to a mere increase in the average size of the unit of administration. To be technically correct we should have to try to determine the optimum size for each individual local government service. Assuming that we could do this, we should almost certainly discover that each of the principal services, and even different parts of the same service, required a unit of administration of a different size. This may sound fantastic; but it is true. The gas and electricity industries, for example, now that they are nationalised, are run on a regional basis; but, on technical grounds, the gas regions and the electricity regions cannot and do not coincide. The same would be true of other services which might be thought to need a wider area of administration and equally true of services that needed a comparatively small area. No single set of regions and no single set of smaller units beneath the regions would be technically satisfactory. Logically, the technical approach leads not to regionalism but to a series of *ad hoc* authorities, one for each service. We have already seen what chaos this led to in the nineteenth century and how strong are the arguments against it. Nevertheless, there are at least two paper plans which seek to reconcile such a system with the need for a single elected body or individual representing a definite local community.

Years ago the Webbs envisaged a system in which the country would be divided into fairly small local wards each of which would elect its own councillor. That councillor would then sit as the representative of the ward on a series of councils each dealing with one particular local government service over whatever area was technically appropriate for that service. This radical scheme was intended to make local politics a full-time and salaried profession; and even then it would involve the councillor in more work than

most human beings can do. The other plan was put forward before the War by Professor Robson¹. He proposed that county councils and county borough councils should be the basic units of the system. For many services requiring a wider area they would combine on joint boards whose areas would vary according to the function to be carried out, while for some services requiring a smaller area district committees, working under the committees of the county council, might have jurisdiction over areas suited to the needs of whatever service they were administering. This highly complex scheme comes perilously near to transforming the representatives of the local community from a governing authority into an electoral college. There is certainly a place for the joint authority in local government. It may well be that it should be used more frequently than it is, for example in town and country planning. There is no reason why it should not attract keen members of the constituent councils if the work is sufficiently interesting. The Coalition Government's White Paper on a national health service in 1944 contained interesting suggestions for avoiding the common criticism, that the joint board's power to precept on constituent authorities for funds weakens its sense of financial responsibility. Nevertheless, a body chosen at second hand is less locally representative than a directly elected body and to that extent a less satisfactory local authority. To create a structure which avoids the necessity for some joint authorities may not be possible and may not be desirable even if possible. To create a structure founded upon the very principle of indirect election must be wrong.

We have considered the application of the idea that different services require different areas. This is applied in some degree in any multi-tier structure, including our county-county district-parish system. But there is a strong body of opinion that considers the advantages of having a single council, as the authority for all purposes, far outweigh any theoretical disadvantages. The one-tier system, which exists in the eighty-three county boroughs, has some very decided merits. It is simple. It increases the sense of community among the electors. It avoids conflicts of interest and

¹ Robson—*The Development of Local Government* (George Allen and Unwin, 1931). In the post-war edition (1948) the author states that he now regards the proposal as inadequate, and prefers the regional idea.

purpose between 'major' and 'minor' authorities. It may reduce the overheads of administration. These and other arguments no doubt prompted the authors of *One Nation* to say: 'We hold the view that, wherever it is practicable, the one-tier system is to be preferred'.¹

However, for reasons which have nothing whatever to do with the merits or demerits of the all-purpose authority, it has so far had a disruptive effect on local government as a whole. The urban areas which were punched out of the counties in 1888 grew in population and their boundaries were frequently extended. Other urban centres which had not qualified to be county boroughs in 1888 similarly expanded and as they reached the magic number of 50,000 in population laid down by statute they sought county borough status. Each time a new county borough was created and each time an existing county borough was extended some county was correspondingly weakened. Between 1889 and 1923 the counties lost 350,000 acres with a population of 3,000,000 and a rateable value of £14½ million. An Act of 1926, following the recommendation of the Royal Commission on Local Government, put a brake on new applications for county borough status by raising the minimum population required to 75,000. Only one further county borough was created before the War, bringing the total up to eighty-three, but piecemeal extensions of existing boroughs continued.

The atmosphere of conflict between county and borough was and is unhealthy for local government. It is useless, given the existing structure, to enquire whether in general the counties or the boroughs are right. Both are right. Both are concerned to secure the best government for those living within their boundaries. The boroughs cannot do this if they are not allowed to expand or to raise themselves, when they are big enough, from the status of a minor-purpose authority. The counties cannot do it if their territories and resources are continually whittled away. Somehow the issue has to be settled, if possible by reconciling these apparently irreconcilable interests.

There are at least four possible lines of development. The first is to wipe the slate clean of county and borough alike and draw new regional boundaries within which they would disappear in their

¹ *One Nation* (C.P.C., 1950), p. 86.

present form. This has the merit of simplicity and, as has been argued, no other merit at all. The second possibility is to allow the pre-War process to take its slow course, perhaps with a modification of the minimum population needed for county borough status. This, of course, would perpetuate antagonism and all the costly and time-wasting parliamentary conflicts over Private Bills. The scale of the conflict can in part be foreseen. Between 1945 and 1948 the now dissolved Local Government Boundary Commission received applications for the creation and extension of county boroughs which would have involved the absorption of the whole or part of one out of every four county districts in England and Wales and a population of at least 6,000,000. It is hard to see, on a long view, how counties could continue to run their services properly if the process of attrition went on.

A third method would be to extend the principle of one-tier government with all its unquestionable merits in a planned and coherent way, instead of piecemeal. The local government structure would be recast as a series of all-purpose authorities, probably of large though not of standard size. Such authorities would include both urban and rural lands and contain a reasonable spread of industry, agriculture, and residential districts. Against this it has been said, though not proved, that the special merits of the one-tier system diminish when the area which it governs becomes larger and less compact. It is also clear that the distribution of population in England and Wales would not lend itself easily to such treatment. There can be no simple solution with areas of sparsely populated countryside and massive concentrations of population in the 'conurbations' of the Black Country, South Lancashire, the West Riding and Tyneside, as well as in London, with all their special administrative problems. A more fundamental question still is whether the interests of urban and rural areas are to be considered as complementary or as diverse. Any solution which places them both under a single all-purpose authority must assume that they are complementary. This is a highly controversial assumption.

The fourth approach would be to put back into the structure of the administrative county all the smaller of the county boroughs, and to give them and the larger non-county boroughs a new and special status within the county. This in essence was the principal

recommendation of the Local Government Boundary Commission in its Report for the year 1947. About twenty county boroughs with a population of over 200,000 would become what the Commissioners called 'one-tier counties'; that is to say, they would remain all-purpose authorities. Nearly all the remaining county boroughs together with a number of large non-county boroughs, such as Luton, Cambridge and Swindon, would become 'new county boroughs' within the administrative county. They would look to the county for certain services, such as police, fire brigades and town and country plan-making, but would themselves administer all the other services, including education, health and the care of children and the old. Thus the special position of all except the largest of the large boroughs would be recognised, not by taking them out of the county but by making them 'most-purpose boroughs', a quite new category, within the county. The details of the Commissioners' plan were necessarily complicated by their special treatment of the 'conurbations'. For example, they proposed that the present county borough of Liverpool, though it has a population of 800,000, should become not a one-tier county but a most-purpose authority within a two-tier county, namely the Merseyside 'conurbation'.

The proposals of the Boundary Commission are naturally unpopular with many of the present county boroughs which would cease to be all-purpose authorities. It is interesting to remember that the Bill which became the Act of 1888 originally provided county borough status for only ten great cities. Lord Long (who as Mr. Walter Long had been Parliamentary Secretary to the Local Government Board in 1888) told the 1923 Royal Commission on Local Government: 'We came to the 50,000 line for a reason which very often obtains in the House of Commons—because we could not help ourselves'. No doubt any administration bringing in a future measure of local government reform may have to modify its initial decisions. But sooner or later decisions will need to be taken. To suggest that local government will break down unless they are taken at once is to be melodramatic. To suppose that there are not even more urgent tasks at this critical moment is to lack a sense of proportion. Nevertheless, the sooner these decisions can be taken, the better. They could obviously be taken more easily if the local authority Associations could agree among themselves, at least upon basic principles.

Problems of Finance and Control

IN 1949-50, the last financial year for which we have all the figures, the total expenditure of local authorities in England and Wales, on revenue and capital account, was £1,200 million. That is an impressive figure. It has been steadily increasing over the years, and the requirements of education and housing—to mention only the two most expensive services—continue to grow. It is only right at this time that we should remind ourselves that highly desirable and necessary expenditure must rest on national solvency and an increasing national wealth. Parsimony is always a vice; but economy is always a virtue. Only if there is sufficient in the nation's pockets does it become other than academic to discuss how much should be paid out of each of them. It is surprising how many dissertations on local finance omit to mention this.

Broadly speaking, local government is paid for out of three pockets: the pocket of the ratepayer, the pocket of the taxpayer and the pocket of the user of certain local services. The ratepayer pays so much 'in the £' on the rateable value of the property he occupies. This rateable value is theoretically based today on the rent at which the property could be let from year to year. The Local Government Act, 1948, provides for a new and highly complicated valuation code for dwelling-houses. Many believe this to be inequitable. Its operation has been postponed more than once, and it is to be amended by the present Government. The taxpayer makes his contribution *via* the Exchequer from which grants are paid to local authorities. Most authorities receive grants as a contribution to their general revenues, and all receive grants in respect of particular services. The user of services pays council house rents, water charges and 'bus fares where these are municipal services, fines for overdue books at public libraries, and so forth.

The outstanding feature of local government finance over the past forty years has been the sharp drop in the proportion of revenue coming from the ratepayer and the corresponding rise in the proportion coming from the taxpayer in the form of Government grants. Of the total revenue from these two sources alone, the ratepayer's share has fallen from 76% in 1914 to 58% in 1939 and to less than 50% now. To put it the other way round, Government grants accounted for less than a quarter before the first World War but account for more than a half today.

This transfer of part of the burden from ratepayer to taxpayer has occurred for very good reasons. In the first place, as a means of raising revenue the rating system is subject to certain limitations. It is levied upon only one form of wealth. The rateable value of property is a very imperfect reflection of the occupier's ability to pay. It does not keep pace with the growth of national income which itself influences the standards demanded for local authority services. Rent restriction and policies of under-assessment adopted by some authorities have in practice depressed rateable values. Then there are the effects of 'de-rating'. Agricultural land and buildings have been exempted from rates altogether. Industrial properties are rated at only a quarter of their full value. All these factors together made rates an 'inelastic' tax, incapable of being stretched to cover the increased needs of local government services. In the second place, the great disparities in total rateable value between one authority and another with similar needs and of comparable size made it inequitable that local government should be obliged to rely so much on such a source of revenue. The grant system gives all authorities an additional income and gives special assistance to the poorer authorities. It does more than that. It recognises the fact that many services controlled by local authorities are not strictly local but partly national in character. It enables Parliament to insist on national minimum standards for important services, such as education. It can be used as an encouragement to local authorities to develop a particular service, such as the welfare of children lacking parental care. It provides some means of supervision, quite different in nature and purpose from the official audit, over the activities to which it applies.

Nevertheless, any such system has its dangers. There is the

danger that the helpful supervision which a grant allows and is partly intended to secure may degenerate into mere meddlesome interference with local affairs. There is the even greater danger that as local authorities come to rely more and more upon moneys which they do not themselves have to find, the whole concept of local independence and responsibility will be undermined. It has been said that he who pays the piper calls the tune. If that were all he did, the problem would be of manageable proportions. But, as Dr. Finer has pointed out, he who pays 'demands not only to inspect the score and the pipe, but even to write the score, guide the fingers, and see that the piper takes proper exercise for the preservation of his wind.'¹ How to secure the advantages, central and local, of the grant system while avoiding its dangers is a capital difficulty.

No-one will pretend that the difficulties connected with central control can be resolved simply by finding the right form of financial machinery. Fundamentally it calls for a certain attitude of mind in those who are responsible for guiding the relationships between central and local government. The right approach was very well stated by the Local Government Manpower Committee in its first Report in 1950. It laid down the following general principle: 'To recognise that the local authorities are responsible bodies competent to discharge their own functions and that, though they may be the statutory bodies through which Government policy is given effect and operate to a large extent with Government money, they exercise their responsibilities in their own right, not ordinarily as agents of Government Departments. It follows that the objective should be to leave as much as possible of the detailed management of a scheme or service to the local authority and to concentrate the Department's control at the key points where it can most effectively discharge its responsibilities for Government policy and financial administration'. In its second Report in 1951 the Committee commented wryly: 'However much this principle is acknowledged, it tends not to be wholly carried out'.

That was putting it mildly. It could not be doubted that central control had hardened since the War. We read of the Town Clerk who wrote to a Senior Regional Officer, Ministry of Health, requesting as a matter of urgency that approval be given to a scheme for the

¹ Finer—*English Local Government* (Methuen, 1950), p. 430.

erection of a hutted day nursery and who got all the authorisations only after two years of conferences and correspondence.¹ We heard of the case, which came before the Manpower Committee, of a city corporation which wanted to erect lamp-posts in a particular street and were asked to provide block plans in duplicate so that the Ministry could see exactly where it was proposed to erect each lamp-post. We saw the funny side of the story of the town council which was allowed borrowing powers to instal 'cloakroom equipment' in a dilapidated hall, but refused borrowing powers to put the hall in a fit condition for people to come and, *inter alia*, use the cloakroom equipment. We were bound to agree with Lord Llewellyn when he described the local authorities as being 'hamstrung, hobbled and humbugged about' by excessive Whitehall supervision.

The work of the Manpower Committee and the advent of a new Government should make for improvements. Changes in methods and policy and attitudes were long overdue. By what financial changes might these be best accompanied and sustained? Three questions at least deserve consideration. First, can the system of Government grants be such as to provide both for adequate central supervision and for a proper freedom of local administration and initiative? Secondly, can rateable value be expanded more effectively than it has in the past? Thirdly, can we find any other forms of revenue for local authorities, in place of or in addition to the local rate, which might make them rather less dependent on Government grants?

The commonest form of grant is the payment by the central government of a percentage of approved expenditure on a particular service: for example, 50% in aid of expenditure on police. Such a grant may sometimes be 'weighted' to take into account the relative needs and means of different authorities: this is so with the grant for the main education services (£6 per pupil, plus 60% of approved expenditure, minus the product of a rate of 2s. 6d. in the £). It is alleged that a percentage grant may encourage over-spending because some authorities will tend to have regard only to the portion of the cost falling on the rates and not to the full cost. On the other hand, the grant has special advantages where it is national policy to encourage greater activity in a service or to develop a new service.

¹ *Public Administration*, Vol. XXVI, Summer 1948, pp. 118-122.

The grant is given only for 'approved expenditure' and it is normally accompanied by a meticulous control. It can, however, be argued that the control is incidental to the importance of the service for which the grant is paid as much as to the nature of the grant itself. The degree of control does not necessarily correspond with the proportion of expenditure met by the central government: it has been said, for example, that the fire service for which there is a relatively small grant of 25% is controlled in great detail. Hence it has been suggested that higher percentage grants for major services might further relieve the ratepayer without adding to central control. But this would not help to mitigate that control.

Some would like to see greater use made of unit grants. The housing subsidy favoured today is an example of this kind of grant. It is paid in the form of so much per house per annum over a period of years; the amount being based on the estimated cost of building and maintaining a council house and an assumed level of rents. The unit grant is said to encourage efficiency—since the authority will not wish to exceed the agreed unit cost—and correspondingly to reduce the need for detailed control. But there are snags. It is not always easy to find satisfactory units or to determine fairly why costs vary from one authority to another or to keep making adjustments in periods when prices are not steady.

Another possibility is to allow a greater part of Government grants to be paid as a general contribution to local authority revenues rather than as a contribution to the cost of particular services. Neither the Block Grant, under the Act of 1929, which was paid until 1948, nor the Equalisation Grant which then replaced it, were tied to one service. The Block Grant was a general contribution to all local authorities and the Equalisation Grant is a general contribution to all except a few. Both were intended to be distributed according to the needs and means of different authorities, and both required the application of a complicated formula by which relative needs and means were measured. Equalisation Grant is paid to authorities whose rateable value per head of 'weighted' population falls below the national average, in order to bring them up to that average. The 'weighting' takes account of sparsity of population and the number of children under school-leaving age. Some features

of the grant have been criticised and its operation is now under review. Accepting the principle if not the detail of such a grant, is there a case for relying more upon it ? The Report of a research panel set up by N.A.L.G.O. in 1951 stated: 'There are two great advantages in a grant which is not tied to a particular service and which is variable in relation to the financial resources of an area. It is not likely to entail so much detailed control as a percentage grant, and it is likely to encourage authorities to rely on their own initiative, both in extending services and in supervising the efficiency of administration'.¹ Here is an interesting line of thought. The general contribution today accounts for about one-eighth of the total grants received by local authorities. How far would it be right to enlarge this proportion, bearing in mind the need to ensure proper standards over a wide range of individual services ?

The problems are certainly no less complex when we come to consider sources of revenue other than the Government grant. As we have seen, the yield of the traditional local rate is limited by the very nature of that tax. It is true that what are sometimes described as its 'artificial' limitations might be removed, and there has been much clamour recently for a revision of the de-rating provisions of the Act of 1929. Those provisions were more than justified in the economic circumstances of the time. In addition, it can be argued that to burden industry or agriculture with an impost which is quite unrelated to their prosperity is always dubious public finance. However, many people feel that relief might now be given without the need to dry up a source of genuine local revenue, and if that is so the matter ought not to go without a reconsideration.

A case has long been argued for an additional rate, a rate on site values. A Committee was appointed to consider this ancient proposal in 1947. Its majority Report, issued in 1952, firmly rejected the idea. The Report stated: 'We do not deny the possibility of the rating of site values, but we have been impressed with the administrative difficulties, the prospect of litigation which would inevitably arise, the undesirability of diverting much needed manpower for the purpose and the relatively small revenue likely to be obtained, and

¹ *The Scope for Enterprise in Local Government* (National Association of Local Government Officers, 1951), p. 27.

can find no significant advantages in its introduction'.¹ A minority Report took the diametrically opposite view, and the expected amendment of the Town and Country Planning Act might alter some of the arguments in the majority Report. So it would be too much to hope that we had heard the last of this.

What else is there besides the rate ? At one time or another and in one place or another there are very few things that local authorities have not taxed. In America they have taxed hotel bills, in Belgium they have taxed funerals, and in Germany they have taxed parrots. Here in England we have usually confined our attention to two possibilities. One of these is the possibility of levying a local income tax. To be feasible this would need to be assessed and collected by the central government in the same way as the national income tax. The administrative difficulties today ought not to be insuperable. There would be the advantage that income is a very much more exact measure of ability to pay than is the rateable value of occupied property. There would, however, be the grave disadvantage of making local authorities in effect dependent upon a limited share of a tax needed by the central government as one of the most important instruments of national fiscal policy.

Another suggestion follows from this last. If part of one national tax is to be considered for transfer from central to local government, then part or the whole of other national taxes might be considered. Local authorities still receive the revenue from dog licences and certain other licences. This is the last remnant of the old system of 'assigned revenues' introduced when the county and county borough councils were first set up in 1888. Assigned revenues may be likened to a grant without any 'strings' attached. It is now being suggested that we might revive this system, while taking care not to repeat the mistakes which doomed it last time. Assigned revenues are of course no alternative to the rate; they lack its overwhelming advantage, namely that being easy and cheap to assess and collect, it is a genuine *local* tax untouched at any point by the central government. But they might be a useful addition. Indeed, if we chose some of the old assigned revenues, such as the duties on beer, spirits and wines, we

¹ *The Rating of Site Values* (H.M.S.O., 1952), p. 76. See also, Rippon—*Rating of Site Values* (Conservative & Unionist Central Office, 1948).

might pride ourselves on floating the local authorities off the financial rocks on a flood of alcoholic liquor.

To the questions we have been discussing there are clearly no easy answers. It would be wrong if far-reaching decisions were taken without most searching inquiry. It may well be time for a new Royal Commission on local government finance, for there has been none for fifty years. It is certainly time that local government finance was reviewed, not narrowly, but in that wider context in which a great man once placed it: 'We believe that the devolution of powers and duties, and the building up of *strong and well-equipped* local unities to exercise them, has still the dominant part to play in our modern domestic progress'. The italics are mine; they are Mr. Churchill's words.

Suggestions for Reading

THERE HAVE been so many changes in the last few years affecting local government functions and finances that descriptive books have gone out of date very rapidly. One has also to remember that the Ministry of Health is no longer the Department responsible for the general oversight of local government. These responsibilities, together with housing, environmental services such as water and sewerage, and the functions of the former Ministry of Town and Country Planning, are now within the province of the Ministry of Housing and Local Government (which for some months in 1951 was called the Ministry of Local Government and Planning). Books have not yet caught up with these changes.

The literature of local government is very extensive and it is possible to indicate only a few books or reports that may be found useful and interesting:

W. ERIC JACKSON—*The Structure of Local Government in England and Wales* (Longmans, 1949).

J. H. WARREN—*Municipal Administration* (Pitman, 1948).

C. H. WILSON—*Essay on the Foundations of Local Government*, in *Essays on Local Government*, ed. Wilson (Oxford, 1948).

K. B. SMELLIE—*A History of Local Government* (George Allen and Unwin, 1946).

V. D. LIPMAN—*Local Government Areas, 1834-1945* (Oxford, 1949).

Report of the Local Government Boundary Commission for 1947 (H.M.S.O.).

D. N. CHESTER—*Central and Local Government* (Macmillan, 1951).
First and Second Reports of the Local Government Manpower Committee, 1950 and 1951 (H.M.S.O.).

J. M. DRUMMOND—*The Finance of Local Government* (George Allen and Unwin, 1952).

G. MONTAGU HARRIS—*Comparative Local Government* (Hutchinson's University Library, 1948).

Publications of the Conservative and Unionist Central Office include: a series of pamphlets (price 6d. each) on various aspects of local government, of which seven have so far been issued; *Your Local Government Election Questions Answered* (7th edition, 1952, price 2s.), prepared by the Conservative Research Department; and *The Councillor*, the official local government journal of the Party, published monthly.

Suggestions for Discussion

IT IS SUGGESTED that discussion groups might best consider the following questions not merely from a national point of view but principally in relation to their own and neighbouring local authorities. Any report they may submit might include some account of the nature of these authorities and the main local problems.

1. What areas and what types of local authority are most suitable if the needs of the community are to be well served ?
2. What is the best distribution of functions as between local authorities ? Are there any functions they have lost which it might be possible to return to them ? Are there any new functions that they might be given ?
3. To what extent and in what ways ought central supervision of local government to be exercised ?
4. How can we ensure that local finance is adequate to local needs ?
5. By what means might it be possible to create a livelier and more general interest in local government ?
6. What are the advantages and/or disadvantages of Party politics in local government ?



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